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ABSTRACT

This joint statement by the presidents of 17 Virginia State colleges and universities and the Director of the State Council on Higher Education examines the condition of Virginia's system of higher education in light of reductions in revenue, and urges implementation of proposals made by the State Council of Higher Education to meet the challenges of the 1990s and beyond. Three objectives are addressed: access, quality, and effective use of resources. The Council recommended that an additional $223 million should be appropriated from the state general fund for higher education in 1994-96. If allocated, annual tuition and fee increases need not exceed three percent, roughly the projected increase in Virginia's per capita income and the Consumer Price Index. The presidents also commit their institutions to: (1) freeing up of 1.5 percent of the academic and administrative budgets for 1994-96; (2) evaluating and improving faculty productivity and compensation; (3) improving retention and graduation rates; and (4) publishing admission profiles, graduation and retention rates, the results of employer and alumni surveys, and other measures of the results being achieved. The presidents ask the state government to: keep the state's funding of colleges and universities at 12 percent of the state's general fund budget, provide faculty salary increases, provide an equipment trust fund with lease payments paid entirely from the general fund, and continue to provide operating funds and capital outlay for those initiatives already funded implement the recommendations of the Commission on the University of the 21st Century. (GLR)

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THE PRESIDENTS' PAPER - 1993

Preface

Virginia's system of higher education has been regarded as one of the best in the nation. But is it now a system at great risk because of continued budget reductions.

In order to reconcile revenue projections with spending demands, particularly in Medicaid, corrections, and public schools, colleges and universities have been directed to plan for 10 or 15 percent budget cuts in each year of the 1994-96 budget. If these cuts are taken:

- Virginia will sink to 48th among the states in higher education funding -- tied with West Virginia for the lowest funding in the south;
- state support for higher education will drop to its lowest level since 1964: 9.5 percent of state general funds;
- state funding for Medicaid will be about $750,000,000 greater than for higher education; and prisons will be funded only slightly less well than colleges and universities.

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Our Position

Virginia higher education has taken unprecedented budgets cuts at a critical time in its development. Change is absolutely necessary now if we are to serve the state and the nation as they grapple with new competitive forces in the economy, the transition to an information culture, and a society that is becoming less coherent.

The purpose of this paper is not to dwell on what has happened in the past four years. That record is clear. As the leaders of Virginia's public colleges and universities, we propose a set of commitments, ours and the Commonwealth's, that will help meet the challenges of the 1990s and beyond.

We have three objectives for the coming decade: access, quality, and effective use of resources. We agree that these objectives are part of an over-arching mission statement:

Our mission is to provide <u>access</u> to Virginians who need

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and want higher education, to improve or at least maintain the quality of the services we provide, and to use our resources more effectively in order to increase the reach of our efforts without increasing costs.

The state's budget constraints are severe and make our work particularly difficult. Nevertheless, we believe that the faculties and staffs of our institutions will strive to achieve these three objectives if they are assured that higher education is valued and that it will eventually receive the financial and other support it deserves.

We also are encouraged that business and civic leaders throughout Virginia grasp the importance of a strong system of colleges and universities to the economic well-being of the Commonwealth. When Mobil Oil moved its headquarters to Virginia, one reason they gave for the move was a "superb" system of colleges and universities. The link between economic growth -- job creation and workforce preparation -- and higher education is clear. Higher education is weakened only at the cost of weakening the entire state.

Medical care for the poor, disabled, and elderly is already a larger part of the state budget than higher education; and state spending for prisoners soon will surpass spending for college students. Virginia ranks now 43rd in higher education funding among the states. We spend less for each student than Arkansas and are only slightly ahead of Louisiana and Alabama.

At the same time, we point out that Virginia's system of higher education is recognized as one of the strongest in the nation. Several of our senior colleges and universities are regularly listed as among the best, although several others have been dropped from national lists because of the limited financial support they receive.

Over the past six years, higher education's portion of the state's general fund has decreased from 16 to 12 percent. We think it is important that higher education not be permitted to sink below 12 percent of the state's general fund. Because the state's revenues will increase during the two years of the next budget, 1994-96, the colleges and universities must receive an additional $223 million in that budget just to stay at that percentage.

Notwithstanding pressures on the state budget from mandated programs, the need for increased state support for higher education should be recognized. The particular need for that support in 1994-96 cannot be over-emphasized. No amount of restructuring can remove the basic costs of a good system of colleges and universities that students can afford: paying competitive salaries, gaining access to new information, acquiring new equipment in a technological age, hiring faculty to teach more

students, and maintaining state-owned property whose value approaches $4 billion.

The Council of Higher Education has recommended that an additional $223 million from the state general fund be appropriated for higher education in 1994-96.

Table 1

Additional Higher Education Funding Needs
(In Millions)

Item	GF	NGF	Total
Financial Aid	$50.0	--	$50.0
Tuition and Fee Relief	42.2	(42.2)	0.0
Faculty Salaries			
60th Percentile of Peers/4Years	74.8	62.9	137.7
Equipment Trust	17.8	(4.3)	13.5
Library Materials and Access	10.0	7.5	17.5
Operation of New Buildings	8.0	7.1	15.1
Enrollment Growth Positions	10.2	7.2	17.4
U21 Initiatives	10.0	--	10.0
Total	$223.0	$38.2	$261.2

The Council's operating budget recommendations for 1994-96 fit the three objectives we have set for the coming decade:

Access: low tuition and fee increases coupled with more state financial aid

Quality: instructional innovations coupled with greater state support

Using Resources More Effectively: fundamental operating changes in colleges and universities

With the $223 million in additional general fund support, state funding for public higher education would remain about 12 percent of the total state budget. The $223 million represents about one-half of the more than $400 million that has been lost since 1990.

The colleges and universities agree with the Council's recommendations. If the $223 million is appropriated, annual tuition and fee increases need not exceed 3 percent, which is about the same as recent and projected increases in Virginian's per capita income and the Consumer Price Index. As we said in 1991, "If sufficient general funds are not made available, there is only one other major source of higher education funds if Virginians are to have outstanding public colleges and universities. Tuition has

to go up to provide the necessary operating support."[1]

We don't want this to happen. We need to take a breather from large tuition increases. We know the debilitating effect high tuition will have on families and students. Increased general fund support means smaller tuition and fee increases to pay for the operations of our colleges and universities.

We also understand the fiscal pressures on the Commonwealth and accept our responsibility to be accountable to Virginians. Therefore, on behalf of the colleges and universities, we make several commitments for 1994-96.

Higher Education Commitments

- Through academic and administrative streamlining, free up 1.5% of each of our 1994-96 educational and general budgets to devote to emerging needs such as increased enrollments and new forms of instructional delivery. We emphasize that such reallocations should not be used to make further budget reductions but rather to meet higher education's growing responsibilities.

- Within each of our institutions, initiate formal review of how faculty spend their time, what results from the use of that time, and how faculty are rewarded for their work (promotion, retention, tenure, salary increases, etc.); submit reports to the Council of Higher Education stating what changes have been made to extend the reach of faculty efforts without increasing costs.

- Improve retention and graduation rates. Those institutions whose undergraduate rates of graduation are below 40 percent within six years will annually increase their retention rates beginning with the freshmen class of 1994 so that at least 40 percent of those students and those in the classes that follow will graduate in six years.

- Reserve spaces for qualified students transferring from community colleges and award full junior-level standing to those who complete community college transfer programs.

- With the Council of Higher Education, publish admissions

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[1] Colleges and Universities for the 21st Century. Presidents and Chancellors of Virginia's Public Colleges and Universities and the Director of the Council of Higher Education, July 1991.

profiles, graduation and retention rates, the results of employer and alumni surveys, and other measures of the results we are achieving.

For 1994-96, we ask the Governor and General Assembly to help us by taking several steps:

Virginia's Commitments

- As a first priority in considering higher education's funding needs, keep college and university funding at least at 12 percent of the state's general fund budget.

- Provide faculty salary increases. If these were funded entirely from the state general fund, it would begin to ease the tuition burden.

- As a third priority, provide an equipment trust fund with lease payments paid entirely from the general fund. This, too, would help ease the tuition burden.

- Implement the forthcoming JLARC recommendations (October 1993) on the state's personnel function. Request JLARC to conduct similar reviews of procurement, capital outlay project management procedures, and telecommunications. We need more flexibility to operate. Colleges and universities can't be efficient and competitive if they are forced to wear one-size-fits-all systems designed for an era of centralized control.

- Continue to provide operating funds and capital outlay for those initiatives already funded to implement the recommendations of the Commission on the University of the 21st Century. Capital outlay funds for this purpose should be provided from a 21st Century Capital Trust Fund as recommended by the Council of Higher Education.

The importance of higher education to the Commonwealth of Virginia is clear. Voters voiced their support by authorizing a general obligation bond issue for colleges and universities last fall. We urgently request the Commonwealth's elected leaders to join with us in taking the steps necessary to put Virginia higher education in a position to serve the people during a time of great social and economic change.

President, Christopher Newport University

Chancellor, Clinch Valley College

President, The College of William & Mary

President, George Mason University

President, James Madison University

President, Longwood College

President, Mary Washington College

President, Norfolk State University

President, Old Dominion University

President, Radford University

President, Richard Bland College

President, University of Virginia

President, Virginia Commonwealth University

Chancellor, Virginia Community College System

Superintendent, Virginia Military Institute

President, Virginia Polytechnic Institute & State University

President, Virginia State University

Director, State Council of Higher Education